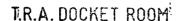
## RECEIVED

2004 DEC -2 PM 12: 05





Paul T. Diskin Manager Rates & Regulation

December 1, 2004

Randall L Nelson, City Attorney City of Chattanooga Nelson, McMahan & Noblett 801 Broad Street, Suite 400 Chattanooga, TN 37402

RE: Interrogatories and Requests for Production of Documents by the City of Chattanooga (First Set) To Tennessee-American Water Company Rate Case No. 04-00288

Dear Mr. Nelson:

Enclosed is a copy of the above Interrogatories #1, 3, and 4 for Tennessee American's petition to increase rates which was filed on September10, 2004. Question #2 will follow shortly

Sincerely,

Paul T Diskin

**Enclosures** 

Сс

M Miller w/enclosures

S. Dillon w/enclosures

T Phillips w/enclosures

D Grimes w/enclosures

S. Dillon w/enclosures

Pennsylvania American Water

800 West Hersheypark Drive Hershey, PA 17033 T 717 531 3253 F 717-531-3235

I www pawc com



## Interrogatories and Requests for Production Of Documents by the Staff of the City of Chattanooga (First Set) To Tennessee-American Water Company Rate Case No. 04-00288

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T.R.A. DOCKET ROOM

WHY IS THE COMPANY EXPERIENCING AN INCREASE IN PENSION
COSTS? PLEASE PRODUCE COPIES OF ACTUARY REPORTS FOR
ALL YEARS SUBSEQUENT TO 1999 (DISKIN, PG 12; WATSON, PG 5)

A. The increase in costs is due to the contribution amounts that the Company is required to make under law. No contributions were required in the Actuarial Valuation Reports issued in January of 2000 and 2001 due to a sufficient return on plan assets. A negative return on the plan assets was experienced in2002 resulting in contributions to the plan beginning in 2003. The attached CD contains the reports for the years 2000 through 2003.

## Interrogatories and Requests-for Production Of Documents by the Staff of the City of Chattanooga (First Set) To Tennessee-American Water Company Rate Case No. 04-00288

- 3 Q. WHAT THIRD PARTY ENTITY WILL DETERMINE ELIGIBILITY FOR THE TWENTY-FIVE PERCENT SERVICE CHARGE DISCOUNT?
  - A The Company has not determined the third party entity that will be used to determine eligibility.

## Interrogatories and Requests for Production Of Documents by the Staff of the City of Chattanooga (First Set) To Tennessee-American Water Company Rate Case No. 04-00288

- 4. Q. PROVIDE COPIES OF ENGINEERING STUDIES OR OTHER DOCUMENTATION OF THE NEED FOR THE MAJOR CAPITAL IMPROVEMENTS IDENTIFIED ON PAGES THREE AND FOUR OF MONTY L. BISHOP'S TESTIMONY.
  - A. The reports will be made available for review in the Company's offices in Chattanooga